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Situation and Prospects in Cuba

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The following intelligence organizations participated in the preparation of this estimate:

The Central Intelligence Agency and the intelligence organizations of the Departments of State, Defense, and NSA.

Concurring:

Director of Intelligence and Research, Department of State

Director, Defense Intelligence Agency

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Abstaining:

The Atomic Energy Commission Representative to the USIB and the Assistant Director, Federal Bureau of Investigation, the subject being outside of their jurisdiction.

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B

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SITUATION AND PROSPECTS IN CUBA

THE PROBLEM

To assess the Cuban situation and the outlook over the next year or two.

CONCLUSIONS

A. Though the downward trend of the Cuban economy seems to have slowed and perhaps levelled off, we believe the economic situation will be stagnant over the next two years. Inept management and low labor morale will persist. Living levels are likely to become slightly lower, and shortages of foodstuffs, housing and many types of consumer goods will continue.

(Paras. 3-7, 9-13, 17-19)

B. Export earnings in 1965 and 1966 are likely to be below 1964 levels, because of lower sugar prices and poor prospects for substantially larger production of sugar and other export commodities.

In these circumstances, Cuba's heavy economic dependence on the Communist world will continue. (Paras. 8, 14-16)

C. Depressed levels of consumption, the imposition of work norms, and forced labor and security duties will tend to narrow the regime's popular support. However, the huge security apparatus will almost certainly prevent popular dissatisfaction from

D. The Cuban armed forces are much the best-equipped in Latin America and, except for Brazil, the largest. Their capabilities have continued to improve, chiefly as a result of the delivery of additional weapons from the USSR [redacted]

E.

F.

G. The Cuban-Soviet relationship remains intact, although frictions have continued. |

H.

1.

J. Castro's efforts to foment revolution in Latin America have suffered setbacks during the past year. He is probably somewhat less sanguine about the chances for quick success. Nevertheless, he will almost certainly continue to provide aid and subversive training to potential revolutionaries. He may press for early aggressive action by some Castroist groups, even though their immediate chances seem poor, hoping that their repression would eventually produce conditions more favorable for exploitation. (*Paras. 59-62*)

DISCUSSION

I. INTRODUCTION

1. The appeal of Castro's revolution is wearing thinner, though his own hold on the instruments of power remains firm.

The economic difficulties have been particularly evident; these have brought a further narrowing in popular support and increasing resort to methods of repression and threat. The hopes of the Cuban leaders for rapid gains by sympathetic revolutionary groups elsewhere in Latin America were dealt serious blows, particularly in Venezuela last December and by the Brazilian revolution in April.

2. On the other hand, there have been some important achievements. Cuban forces have considerably improved their overall capabilities, largely through the acquisition of more Soviet weapons and weapon systems. The regime's large-scale effort in technical, vocational, and general education has moved ahead, though at some expense to the quality of education on the professional level. The program of training and indoctrinating subversives from other countries has continued. On the economic side, substantial Soviet aid is continuing.

II. THE ECONOMY

Current Situation

3. There were contrasting aspects to Cuba's economic performance in 1963. Regarded as a whole, it was another bad year. Gross National Product (GNP) remained substantially below that of 1958, the last prerevolutionary year.

Hurricane Flora damaged some cane and intensified transport and supply difficulties. The regime's nationalization of middle-sized farms in October (the Second Agrarian

[REDACTED]

Reform), also created new problems in sugar production. Moreover, despite an early start at the harvest, the organizing of civilian "volunteer" brigades, and the use of army units, the regime once again failed to lure or drive an adequate labor force into the grueling work of the cane field.

[REDACTED]

5. The regime's general inability to manage agriculture is also evident in lower output of most other crops. Hurricane Flora, the nationalization decree, and the diversion of land from food and industrial crops to cane have been other depressing factors.

6.

7. By and large, the Cuban construction industry is still in the doldrums;

[REDACTED]

8.

[REDACTED]

9. The Castro regime has given considerable attention to the problem of obtaining the parts and other production requisites needed to maintain Cuba's capital plant, largely of US manufacture. †

10.]

11. The most glaring weakness of the economy has been the regime's own extraordinary mismanagement and ineptitude. After the revolution, the regime

launched an ill-considered program of forced-draft industrialization and agricultural diversification; the most important result of this was to undermine the established basis for sugar production. Now the regime has completed the circle: sugar is again the watchword and the goal for 1970 is 10 million-tons. Expanded cattle production for food and industrial supply is another primary goal of the administration. Following rapid nationalization of the great bulk of the island's economic activity, the regime adopted a doctrinaire Marxist approach toward the managerial function: in its pursuit of centralized control, more and more economic establishments were made part of large and unwieldy "consolidated enterprises," with all major decision-making authority concentrated in Havana. But so time-consuming and bureaucratic has the decision-making process become that Castro himself has damned the system and called for decentralization and the exercise of much more responsibility at local levels.

12.!

*The imposition of work norms and an extended work week have contributed to the decline in labor morale.

Economic Outlook

13. The latest in the regime's series of efforts to improve administration of the economy is the assumption by President Dorticos of the roles of Economic Minister and director of planning. But Cuba's problems of inept management and low labor morale are not quickly solvable; they represent a very basic limiting factor on the performance of the economy for the short-run future at least. Also of prime importance in appraising overall prospects for the next two years is the outlook for Cuban earnings from sugar exports.

14. Recent sharp declines in sugar futures make prospects much less promising for 1965, and probably for 1966 as well. World spot prices, which had hit a peak of 13 cents a pound a little over a year ago and were still as high as 12 cents last November, are now below 5 cents; sugar futures for 1965 indicate a further decline.

15. Although the regime is moving gradually ahead with its program of devoting additional land to cane production, it probably will not be able to overcome the serious labor shortage which has characterized the last three harvests.

16.

However, we believe that the Soviets and other Communist countries will provide Cuba sufficient credit assistance to prevent a seriously damaging drop in total imports.

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19. In sum, we believe that the Cuban economy will operate at a low level for the next two years. Because of population growth, the individual living standard is likely to become slightly worse. Shortages of foodstuffs, housing, and many types of consumer goods will persist.

III. THE INTERNAL POLITICAL SCENE

Current Situation

20. As the revolution has lost impetus, the regime has been shifting increasingly to methods of compulsion and repression in pressing ahead with its socialization program. The Cuban leaders are applying some measures borrowed from the Soviet Bloc without successfully adapting them to Cuban characteristics; they are not putting enough Latin flavor into a system which

The regime has absorbed small industrial, service, and retail businesses into the massive government-run sector of the economy and has taken a number of steps in the socialization process. It has proclaimed three new laws in the past year: the Second Agrarian Reform, the Work Norm and Wage Classification Law, and the Obligatory Military Service Law.

They strike not only at the interests of those already disenchanted with the regime but also at the peasants and students, who make up much of Castro's strongest support.

21. The Second Agrarian Reform of October 1963 expropriated most farms over 165 acres.

This, in itself, was a tremendous blow to Cuba's conservative rural sector; moreover, many smaller farmers are convinced that their turn will come soon, despite Fidel's repeated assurances to the contrary. The regime has been attempting to force the small farmers to sell all their products to the government collection agencies; but black marketing continues on a considerable scale. Within the last few weeks, the party newspaper *Hoy* has warned peasants who work on state farms that they must no longer keep cows or grow vegetable gardens of their own.

22. The work norm and wage scale system currently being introduced throughout Cuba will apply to agricultural as well as industrial labor.

23. The Obligatory Military Service Law is designed in part to provide a cheap labor force which the regime can use wherever it sees fit. Popular reaction has

[REDACTED]

been so adverse that the regime has been forced into a public relations campaign to assuage angry Cuban mothers.

[REDACTED]

24. Antipathy between the "old" Communists (members of the regular party prior to Castro's revolution) and the "new" Communists (who are Fidelistas and revolutionaries first and Communists second) has persisted since the days of the revolutionary fighting—when the "old" Communists, in Fidel's own words, "hid under the bed." This behind-the-scenes conflict flared into the open once again in March of this year in the trial of Marcos Rodriguez; several important "old" Communists were accused of shielding for years a member of the regular Communist Party who had betrayed non-Communist revolutionary student leaders to Batista. Castro himself had to intervene directly in the trial; in the name of unity and to preserve some balance between the two groupings, he papered over the dispute.

[REDACTED]

25. Infighting of this sort has been one of the reasons that Castro's United Party of the Socialist Revolution (PURS) has been so long in the process of formation. He originally said it was to be completed by early 1963, but by February 1964 it claimed less than 33,000 of a projected 55,000 membership, and formation of the first PURS cell in the armed forces did not occur until 18 December 1963. Progress has also been slowed by the difficulty of training prospective members from the poorly-educated classes and by differences of opinion between leading figures in the new party and some government bureaucrats about who is to exercise what power.

[REDACTED]

26.

[REDACTED]

27. Castro has not been able to put an end to insurgent activity.

[REDACTED]

Security Machinery

29. Castro's Cuba remains a police state. The principal security and counter-intelligence organization, the Department of State Security, [REDACTED]

[REDACTED] It works closely with all the other security agencies and especially with the huge and ubiquitous organization of volunteer informants—the Committees for the Defense of the Revolution. Throughout the country, in rural areas as well as in almost every city block, these informants report to the local committee the results of spying on their neighbors. Committee membership is claimed to be almost a million and a half. Local committees distribute food rationing cards, hand out propaganda, and organize "voluntary" work groups; committees at higher echelons assist the security agencies in maintaining control of all aspects of private life. Parallel informant roles are played by the Union of Young Communists, the Federation of University Students, and the Federation of Cuban Women.

30. The police organizations—the Bureau of Public Order, the Technical Investigation Department, and the National Identification Department—are charged with ordinary law enforcement duties. [REDACTED]

[REDACTED] The Popular Defense Force comprises [REDACTED] civilian workers, men and women, who serve part time. They come primarily from the old militia reserve. Except in case of emergency, their mission is to help police and security forces maintain order.

31. The Cuban foreign intelligence service, the General Directorate of Intelligence (DGI), [REDACTED]

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Outlook

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Castro has demonstrated a remarkable ability to preserve a workable degree of unity among the disparate groups involved in the regime. He has been able to make the great bulk of the population accept—without active opposition—the socialization and regimentation of his revolution.

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IV. THE MILITARY FORCES

Current Situation

37. Castro's armed forces have grown from a ragtag band of guerrillas in the Sierra Maestra to much the best-equipped military force in Latin America and, except for Brazil, the largest.

38. The Soviets have supplied the Castro regime with more than enough modern military equipment for its forces.

39. Most of the increase in Cuban military capabilities over the past 18 months has resulted from the delivery of additional Soviet weapons.

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Outlook

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44. The Soviets have gradually completed training of Cubans on various modern weapon systems

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Changes of Reintroduction of Strategic Weapons

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V. FOREIGN POLICIES

Cuban-Soviet Relations

48. The Cuban-Soviet relationship remains intact, although frictions have continued.

49. Castro has never signed the test-ban treaty. Indeed, last September he dismissed the relaxation of East-West tensions as much less important than

[REDACTED]

Cuba's plight as "a small country, attacked, blockaded, against which a policy of undeclared war is being followed" [REDACTED]

[REDACTED] Castro and Che Guevara have long expounded the necessity for violent revolution, a position much closer to the Chinese than to the Soviet doctrine. They have also remained essentially in competition with most old-line, Soviet-backed Communist parties in Latin America. And in Cuba itself, Castro has acted to prevent the Moscow-oriented "old" Communists from attaining a dominant role in the government or in his United Party of the Socialist Revolution. [REDACTED]

[REDACTED]

50. The Soviets, for their part, cannot regard Castro as either very dependable or very consistent. His egotism must tax their patience; the administrative methods of his regime must make them wonder whether a viable Communist state can really be molded from Cuban clay. Their aid bill for keeping the Cuban economy afloat is large enough to be burdensome; certain Soviet officials, as well as some from the Eastern European countries, which carry a relatively modest part of the whole, have long muttered about pouring funds down the Cuban rat-hole.

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He knows that the Soviets regard their stake in maintaining a Communist Cuba as a major one. Thus he almost certainly believes that he has—and, in fact, he probably does have—appreciable room for maneuver.

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Overtures Toward the US

57. Khrushchev, [REDACTED] may again have urged Castro to explore the possibilities for a normalization of relations with the US. Castro probably considers such an effort useful to build a record of Cuban reasonableness and flexibility [REDACTED]

[REDACTED] The US economic denial program has hurt Cuba and will continue to do so. Moreover, as parallel revolutions fail to materialize in Latin America, he is increasingly forced to give up the notion that relations with the US are a short-term problem destined to be swept away by the tide of hemispheric revolution. [REDACTED]

58. His interest in stabilizing relations with the US wars with elements in Castro's temperament, with his strong revolutionary bent, and with his recurring conviction that the US price for normalization would be nothing less than his own disappearance.

Latin American Policies

59. Castro, is first of all a revolutionary and has expended much energy and effort encouraging violent revolution elsewhere. He has provided assistance to an assortment of Communist and non-Communist revolutionaries. Primarily this has taken the form of propaganda, limited financial aid, political indoctrination, and training in subversive techniques and guerrilla warfare.

The Castro regime has undertaken direct supply of some arms to extremist groups (e.g. the Cuban arms cache discovered in Venezuela last November).

60. Although these efforts have helped strengthen extreme leftist dissidents in a number of Latin American countries, there have been no Castro-style revolutions and, except in Venezuela and Guatemala, very little violent revolutionary activity. Indeed, Castro must view developments over the past year as disappointing. In Venezuela, long the priority target in Castro's revolutionary plans, the Communist and Castroist groups failed dismally in their terrorist attempts to disrupt the December election and prevent an orderly succession of government.

In sum, Castro's revolutionary hopes have suffered notable setbacks during the past year, some of them occurring despite circumstances which he apparently thought propitious for action.

61. These developments have also tended to stiffen the anti-Castro position of most of the member governments of the Organization of American States. The OAS adoption on 26 July of diplomatic, trade, and shipping sanctions against Cuba is primarily important in its psychological rather than its economic impact. But Castro obviously feels that Cuba's political isolation in the hemisphere is damaging to his cause; he will try to impede implementation of the sanctions as well as other actions which would reinforce this isolation.

62. We believe that Castro and his revolutionary theorist, Che Guevara, have become somewhat less sanguine about their chances for quick revolutionary success. In their speeches and propaganda on the subject, they will probably wax hot or cold at various times as they have in the past,¹⁴ but they almost certainly will continue to aid and train potential revolutionaries. They may press for early aggressive action on the part of Castroist groups in some Latin American countries, even though the immediate chances of these groups seem poor; here, their primary hope would be that the government's counter-action would antagonize larger segments of the population, eventually producing

[REDACTED]

conditions more favorable for exploitation. The Cuban leaders might, however, have difficulty in persuading even strong sympathizers to undertake the first step of this scenario. [REDACTED]

A number of other factors also militate against quick Castroist revolution, these range from the dinginess of the Cuban show window to the increased effectiveness of the security forces—and the increased awareness of the potential threat—in many Latin American countries.

63. There is danger, nonetheless, that Castroists may succeed in triggering or participating in revolutions during the period of this estimate, and this danger may increase over a longer time-span. The basics of the Latin American situation—population pressures, on limited resources, and rates of economic and social development which do not keep pace with the rising expectations of the people—mean continuing instability and growing popular dissatisfaction with established political parties and institutions. These conditions are readily exploitable by extremists of various shades, sudden change and revolutionary situations must be expected. Depending on the nature of such a situation, a few hundred Castroist activists or a small number of Cuban-supplied weapons could provide the initial impetus or even the decisive factor in an attempt to overthrow an established government. [REDACTED]